

# **BEAR LAKE REGIONAL COMMISSION**

**Annual Financial Report**

**FOR THE YEAR ENDED JUNE 30, 2005**

**Gary H. Teuscher  
Certified Public Accountant  
110 North 8th Street  
Montpelier, Idaho 83254**

BEAR LAKE REGIONAL COMMISSION

Annual Financial Report

For the Year Ended June 30, 2005

---

Table of Contents

FINANCIAL SECTION

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	2
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets.....	4
Statement of Activities.....	5
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	6
Statement of Revenues, Expenditures, and Changes in	
Fund Balance.....	7
Proprietary Funds	
Statement of Net Assets.....	8
Statement of Revenues, Expenditures, and Changes in	
Fund Net Assets.....	9
Statement of Cash Flows.....	10
Notes to the Financial Statements	
Note I.....	11
Note II.....	13
Note III.....	14
Required Supplementary Information Other than MD&A	
Schedules of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual	
General Fund.....	17
Other Supplementary Information	
Combining and Individual Fund Statements and Schedules	
Combining Statement of Revenues, Expenditures, and	
Changes in Fund Balances-General Fund.....	18
Compliance and Internal Control	
Independent Auditor's Report on Compliance and On Internal	
Control Over Financial Reporting Based On An Audit of	
Financial Statements Performed in Accordance With	
GOVERNMENT AUDITING STANDARDS.....	19
Independent Auditor's Report on State of Utah Legal	
Compliance.....	20

GARY H. TEUSCHER  
Certified Public Accountant  
110 North 8th Street  
Montpelier, Idaho 83254

INDEPENDENT AUDITOR'S REPORT

Executive Committee  
Bear Lake Regional Commission  
Fish Haven, Idaho 83261

Gentlemen:

I have audited the accompanying financial statements of the Bear Lake Regional Commission as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *GOVERNMENT AUDITING STANDARDS*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bear Lake Regional Commission as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 19, 2005, on my consideration of the Bear Lake Regional Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *GOVERNMENT AUDITING STANDARDS* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and Required Supplementary Budgetary Comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion of the financial statements that collectively comprise the Commission's basic financial statements. The combining financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Bear Lake Regional Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated, in all material respects in relation to the financial statements taken as a whole.



September 15, 2005

## BEAR LAKE REGIONAL COMMISSION

### MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDING JUNE 30, 2005

The following is a discussion and analysis of the Bear Lake Regional Commission's financial performance providing an overview of the Commission's financial activities for the year ending June 30, 2005. The report is in conjunction with the Commission's financial statements.

#### Financial Highlights

Total net assets of the Commission were \$106,841.00 as of the close of the most recent year. Of this amount, \$106,841.00 (unrestricted net assets) may be used to meet its ongoing obligations. The total net assets of the Commission increased by \$11,601.00.

#### Overview Of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements and notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements themselves.

The Commission reports multiple funding sources. Revenues are recognized when received and expenses are recognized in the period in which they are incurred.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds for the Commission come from external sources.

**Governmental Funds** - The Commission maintains numerous funds from different funding sources. Financial resources come from both State, local, and private sources. State funds come from Utah and Idaho while local funds are derived from Bear Lake County, Idaho and Rich County, Utah. Private funding comes from Pacificorp. These funds are used to leverage additional monies in the form of grants.

**Proprietary Funds** - The Commission maintains one proprietary fund, the Internal Service Fund.

#### Financial Statement Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Commission's financial position. Net assets have increased in both of the last two years as shown below. The balances include both governmental and proprietary funds.

# Bear Lake Regional Commission's Net Assets

	<u>2005</u>	<u>2004</u>
Current and Other Assets	116,476	95,332
Capital Assets	-	-
Total Assets	116,476	95,332
Current Liabilities	9,635	92
Long-term Liabilities	-	-
Total Liabilities	9,635	92
Fund Net Assets		
Invested in Capital Assets, Net of Related Debt	-	-
Restricted	-	-
Unrestricted	106,841	95,240
Total Fund Net Assets	<u>106,841</u>	<u>95,240</u>

## Bear Lake Regional Commission's Change in Net Assets

	<u>2005</u>	<u>2004</u>
Revenues	328,788	304,572
Expenditures	(317,187)	(290,025)
Change in Net Assets	11,601	14,547
Net Assets - Beginning of Year	95,240	80,693
Net Assets - End of Year	<u>106,841</u>	<u>95,240</u>

### Capital Assets

The Bear Lake Regional Commission has no capital assets. Office space is rented. Office equipment was expensed because of costs being under the capitalization amount of \$5000.00.

### Long-term Debt

At the end of the current year, the Bear Lake Regional Commission had no outstanding debt.

### Requests for Information

This financial report is designed to provide a general overview of the Bear Lake Regional Commission's finances for all those with an interest. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Bear Lake Regional Commission in care of Allen Harrison at P.O. Box 26, Fish Haven, ID 83287.

# BEAR LAKE REGIONAL COMMISSION

## STATEMENT OF NET ASSETS

JUNE 30, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	70,956		70,956
Receivables, Net	45,520		45,520
Capital Assets, Net of Depreciation			
Machinery and Equipment	-	-	-
Total Capital Assets	-	-	-
Total Assets	<u>116,476</u>	<u>-</u>	<u>116,476</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts Payable	9,635		9,635
Internal Balances	-	-	-
Total Current Liabilities	<u>9,635</u>	<u>-</u>	<u>9,635</u>
Noncurrent Liabilities:			
Total Noncurrent Liabilities	-	-	-
Total Liabilities	<u>9,635</u>	<u>-</u>	<u>9,635</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	-	-	-
Restricted	-	-	-
Unrestricted	<u>106,841</u>	<u>-</u>	<u>106,841</u>
Total Net Assets	<u>106,841</u>	<u>-</u>	<u>106,841</u>

\*The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue And Changes in Net Assets		
	Expenses	Charges for Services	Operating Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities						
General Government	286,027	15,085	279,761		8,819	8,819
Culture and Recreation	31,160	31,160				
Total Government Activities	317,187	46,245	279,761	-	8,819	8,819
Business-Type Activities						
Total Business-Type Activities	-	-	-	-	-	-
Total Primary Government	317,187	46,245	279,761	-	8,819	8,819
General Revenues:						
Interest					2,782	2,782
Total General Revenue & Transfers					2,782	2,782
Change in Net Assets					11,601	11,601
Net Assets - Beginning					95,240	95,240
Net Assets - Ending					106,841	106,841

\*The accompanying notes are an integral part of this statement.

# BEAR LAKE REGIONAL COMMISSION

## Balance Sheet Governmental Funds

June 30, 2005

	<u>General Fund</u>
<u>Assets</u>	
Cash	22,107
Accounts Receivable	<u>45,520</u>
Total Assets	<u>67,627</u>
<u>Liabilities</u>	
Accounts Payable	9,635
Due to Other Funds	<u>-</u>
Total Liabilities	9,635
<u>Fund Balance</u>	
Unreserved	<u>57,992</u>
Total Liabilities and Fund Balance	<u>67,627</u>

### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

Total fund balance for governmental funds	57,992
Internal service fund used by the Commission to charge for vehicle expense, equipment and miscellaneous expense, insurance deductible expense and severance expense. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. Internal service fund net assets are	<u>48,849</u>
Total net assets of governmental activities	<u>106,841</u>

\*The accompanying notes are an integral part of this statement.



BEAR LAKE REGIONAL COMMISSION

Statement of Revenue, Expenditures and Changes in Fund Balance  
of Governmental Funds

For the Fiscal Year Ended June 30, 2005

<u>Revenues</u>	<u>General Fund</u>
Services	31,160
Private Grants	26,000
Federal & State	215,761
Local Contributions	38,000
Interest	<u>1,629</u>
Total Revenues	<u>312,550</u>

<u>Expenditures</u>	
Overhead	22,248
Salaries	147,698
Benefits	58,197
Supplies	16,479
Travel	18,439
Equipment & Maintenance	-
Printing	98
Sub-Contract	30,172
Miscellaneous	<u>10,197</u>
Total Expenditures	<u>303,528</u>

Excess Revenues (Expenditures)	<u>9,022</u>
--------------------------------	--------------

Other Financing Sources (Uses)

Total Other Financing Sources Uses	<u>-</u>
Net Change in Fund Balances	9,022
Fund Balance - Beginning	<u>48,970</u>
Fund Balance - Ending	<u><u>57,992</u></u>

Reconciliation of the Statement Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Net Changes in fund Balance - Governmental Fund	9,022
---	-------

Internal service funds are used by the Commission to charge for vehicle expense, equipment and miscellaneous expense, insurance deductible expense and severance expense. The net revenue of the internal service fund is included in governmental activities in the Statement of Activities. 2,579

Change in net assets of governmental activities	<u><u>11,601</u></u>
---	----------------------

\*The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION

Statement of Net Assets  
Proprietary Funds

June 30, 2005

	<u>Internal Service</u>
<u>Assets</u>	
Cash	48,849
Due from Other Funds	<u>-</u>
Total Assets	<u>48,849</u>
<u>Liabilities</u>	
Accounts Payable	<u>-</u>
Total Liabilities	<u>-</u>
<u>Net Assets</u>	
Invested in Capital Assets, Net of Related Debt	-
Restricted	-
Unrestricted	48,849
Total Net Assets	<u>48,849</u>

\*The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION

Statement of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2005

	<u>Internal Service Funds</u>
Operating Revenue	
Services and Miscellaneous	84
Car Mileage	7,801
Insurance Deductible	<u>7,200</u>
Total Operating Revenues	<u>15,085</u>
Operating Expenses	
Vehicle Expense	7,340
Equipment & Misc.	4,675
Insurance Deductible Expense	1,644
Severance Expense	<u>-</u>
Total Operating Expenses	<u>13,659</u>
Operating Income	<u>1,426</u>
Non-operating Revenues (Expenses)	
Interest	<u>1,153</u>
Total Non-operating Revenues (Expenses)	<u>1,153</u>
Income before contributions and transfers	2,579
Transfers in (out)	<u>-</u>
Changes in Net Assets	2,579
Net Assets - Beginning	<u>46,270</u>
Net Assets - Ending	<u>48,849</u>

\*The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION

Statement of Cash Flows  
Proprietary Funds

For the Fiscal Year Ended June 30, 2005

	Internal Service Fund
CASH FLOWS FROM OPERATIONS	
Cash Received From Customers and Users	15,085
Cash Payments From Service and Supplies	(13,659)
Cash Payments For Personnel Costs	<u>-</u>
Net Cash Provided (Used) by Operations	1,426
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers To (From) Other Funds	-
Net Cash Provided (Used) by Noncapital Financing Actiivites	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Received From Interest	1,153
Net Cash Provided (Used) by Investing Activities	<u>1,153</u>
Net Increase in Cash and Cash Equivalents	2,579
Cash and Cash Equivalent - Beginning	<u>46,270</u>
Cash and Cash Equivalent - Ending	<u>48,849</u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities	
Add Depreciaition Expense	-
(Increase)/Decrease in Current Assets	
Fees Receivable, Net of Allowances for Uncollectables	-
Increase/(Decrease) in Current Liabilities	
Accounts Payable	<u>-</u>
Net Cash Flows from Operating Activities	<u>1,426</u>

\* The accompanying notes are an integral part of this statement.

# BEAR LAKE REGIONAL COMMISSION

## Notes to Financial Statements

June 30, 2005

### I. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bear Lake Regional Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. For the reporting year, the Commission has implemented GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Significant Commission accounting policies are described below. The Commission's general purpose financial statements includes the accounts of all operations. The accounting policies of the Commission conform to generally accepted accounting principles as applicable to governments. The following is a summary of such significant policies:

#### A. Financial Reporting Entity

The Bear Lake Regional Commission is organized and operates as a Bi-State agency under the laws of the States of Idaho and Utah.

The financial statements of the Commission consist of the funds and account groups of the Commission. The Commission has no oversight responsibility for any other governmental entity. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The Commission has no component units.

#### B. Government-Wide Statements and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and any component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

BEAR LAKE REGIONAL COMMISSION

Notes to Financial Statements  
June 30, 2005

---

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

The Commission reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government.

The Commission reports the following major proprietary funds:

The Internal Service fund is used by the Commission for vehicle expense, equipment and miscellaneous expense, insurance deductible expense and severance expense.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund's are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services,

## BEAR LAKE REGIONAL COMMISSION

### Notes to Financial Statements June 30, 2005

---

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

#### D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

##### 1. Deposits and Investments

Cash includes amounts in demand deposits as well as highly liquid investments with maturity dates of thirty days or less.

##### 2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans), or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

#### II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

##### A. BUDGETS AND BUDGETARY ACCOUNTING

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements. Prior to June 30, the Commission holds hearings on a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

During the fiscal year, the Board of the Commission may amend the annual appropriated budget by unanimous resolution in case of an emergency, through the courts, or by the budget hearing process. The appropriated budget can only be increased by an amount equal to unanticipated revenues. In no event can property taxes be increased. Management at departmental level does not have authority to amend the budget.

##### B. ACCUMULATED UNPAID VACATION, SICK PAY AND OTHER EMPLOYEE BENEFIT AMOUNTS

Employees accrue vacation time at differing rates and sick leave at the rate of eight hours per month. It is the Commission's policy to permit employees to accumulate up to 30 days of earned but unused vacation leave which would be paid to the employee upon separation from service. Accumulated sick leave is paid by a formula up to 42 days upon separation from service. It is estimated the potential liability for accrued, unpaid vacation, sick leave and employee benefits would be \$73,573.28 as of June 30, 2005.

# BEAR LAKE REGIONAL COMMISSION

## Notes to Financial Statements June 30, 2005

### III. DETAILED NOTES ON ALL FUNDS

#### A. Insurance

The Commission carries various types of insurance and bonds. Based on review of insurance policies, it was determined that the commission carries adequate insurance.

#### B. Cash and Investments

The Commission maintains a cash pool that is used by all funds. Each fund's portion of the pool is displayed on the combined balance sheet as cash. At year end, the carrying amount of the Commission's deposits on the books and the balance per bank are as follows:

<u>Depository</u>	<u>Balance Per Books</u>	<u>Balance Per Bank</u>
Petty Cash	\$ 100.00	\$ -
Zions Bank	3,469.57	21,641.55
PTIF - State of Utah	<u>67,386.47</u>	<u>67,386.47</u>
	<u>\$70,956.04</u>	<u>\$89,028.02</u>

Reconciliation items as to the difference between the Balance per Book and the Balance per Bank are as follows:

Balance Per Bank	\$89,028.02
Deposits in Transit	107.00
Petty Cash	<u>100.00</u>
	\$89,235.02
Outstanding Checks	<u>(18,278.98)</u>
Balance per Books	<u>\$70,956.04</u>

Of the Balance per Bank, \$21,641.55 is covered by federal depository insurance and the balance of \$67,386.47 was covered by collateral held by the Utah State Treasurer in the Public Treasurer's Investment Fund (PTIF) in the Pool's name. During the fiscal year ended 6-30-05 the Commission invested only in the PTIF of Utah.

#### C. Litigation

There is no pending litigation concerning the commission at this time.

#### D. Subsequent Events

There are no known subsequent events that will have a material impact on the operation of the commission.



BEAR LAKE REGIONAL COMMISSION

Notes to Financial Statements  
June 30, 2005

---

E. Contracts in Progress

Various contracts are on-going and span several fiscal years. Their fund balances represent assets available to continue the projects into the next fiscal year.

On-going contracts at 6-30-05 are: Pacificorp, Idaho 319JC and its match, the Bear Lake Convention and Visitors Bureau, Bear River Information and Education and its match, and the Local Fund.

Pacificorp has an on-going contract in which they grant \$25,000 per year to the Commission in two payments of \$12,500. Pacificorp also gave 1000.00 for weed control on lands around Bear Lake.

All other contracts are funded on a year to year basis with their fund balances shown as zero at 6-30-05.

F. Employees Retirement Program

Public Employee Retirement System of Idaho - The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each year of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of the Commission and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2004, the required contribution rate as a percentage of covered payroll for general members was 6.23%. The employer rate as a percentage of covered payroll was 10.39% for general members.

The Commission's contributions required and paid were \$24,547.68, \$22,563.96, and \$24,199.51 for the three years ended June 30, 2005, 2004, and 2003, respectively.

# BEAR LAKE REGIONAL COMMISSION

## Notes to Financial Statements June 30, 2005

### G. Medical Insurance Buy Down

The Bear Lake Regional Commission started a program to buy down medical insurance deductible for employees and their families beginning in 1999. The Commission, which provides medical insurance for employees, pays less for monthly coverage by raising the deductible on each covered individual to \$2,000 deductible. The savings are accumulated in the Internal Service Fund. Of the \$2,000 deductible, each insured member is responsible for \$250 and the Commission is responsible for the balance of \$1,750. There are two employees and their families enrolled with two deductibles per family and one employee with one deductible. As a result, the Commission is potentially liable for \$8,750 of insurance deductible payments annually should all five deductibles be met.

### Insurance Deductible Fund

	<u>Revenue</u>	<u>Expenses</u>	<u>Balance</u>
1999	5,091	3,657	1,434
2000	5,553	990	4,563
2001	5,834	8,031	(2,197)
2002	6,000	150	5,850
2003	7,200	3,082	4,118
2004	6,000	2,546	3,454
2005	<u>7,200</u>	<u>1,644</u>	<u>5,556</u>
Balance 6-30-05	<u>42,878</u>	<u>20,100</u>	<u>22,778</u>

### H. Expenditures - Line Items Over Budget

Several line item expenditures are over budget. However, the Commission budgeted a contingency amount which covered the overages and left total expenditures \$21,000.00 under budget.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BEAR LAKE REGIONAL COMMISSION**

**General Fund  
Schedule of Revenue, Expenditures  
and Changes in Fund Balance - Budget & Actual**

For the Fiscal Year Ended June 30, 2005

	<u>General Fund</u>			Variance with
	Budgeted Amounts			Final Budget
<u>Revenue</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
Services	33,300	33,300	31,160	(2,140)
Private Grants	26,000	26,000	26,000	-
Federal & State	202,200	225,214	215,761	(9,453)
Local Contributions	38,000	38,000	38,000	-
Interest on Savings	2,000	2,000	1,629	(371)
Total Revenue	<u>301,500</u>	<u>324,514</u>	<u>312,550</u>	<u>(11,964)</u>
<u>Expenditures</u>				
Overhead	22,890	23,340	22,248	1,092
Salaries	147,699	147,699	147,698	1
Benefits	50,708	50,708	58,197	(7,489)
Supplies	8,100	9,615	16,479	(6,864)
Travel	17,000	17,000	18,439	(1,439)
Equipment & Maintenance	-	-	-	-
Printing	100	100	98	2
Sub-Contract	28,200	31,240	30,172	1,068
Miscellaneous	7,800	8,400	10,197	(1,797)
Other	19,003	36,412	-	36,412
Total Expenditure	<u>301,500</u>	<u>324,514</u>	<u>303,528</u>	<u>20,986</u>
Excess Revenues (Expenditures)	<u>-</u>	<u>-</u>	9,022	<u>9,022</u>
<u>Other Financing Sources(Uses)</u>				
Total Other Financing Sources(Uses)			<u>-</u>	
Net Change in Fund Balances			9,022	
Fund Balance Beginning			<u>48,970</u>	
Fund Balance Ending			<u>57,992</u>	

\*The accompanying notes are an integral part of this statement.

**OTHER SUPPLEMENTARY INFORMATION**

BEAR LAKE REGIONAL COMMISSION  
Combining Statement of Revenues and Expenditures  
and Changes in Fund Balance - General Fund  
For the Year Ended June 30, 2005

Revenue:	Combined Total	Utah Dept of Natural Resources	Big Spring Creek	Bear Lake Conv. & Visitors Bureau	Local	Utah Power Light	Idaho Dept Health & Welfare
Services-Other	31,160			31,160		25,000	50,000
Private Grants	26,000				38,000		
Federal & State	215,761	68,700			1,629		
Local Funds	38,000				39,629		
Interest	1,629						
Total Revenues	312,550	68,700	-	31,160	39,629	25,000	50,000
Expenditures:							
Overhead	22,248	7,301	26	2,456	3,178	806	4,305
Salaries	147,698	37,701	735	20,549	6,568	3,765	29,327
Benefits	58,197	14,876	296	6,642	3,229	715	11,739
Supplies	16,479	-	-	-	29	-	-
Travel	18,439	5,266	-	1,448	4,131	-	2,128
Equipment	-	-	-	-	-	-	-
Printing	98	-	-	-	-	-	98
Sub-Contract	30,172	1,230	-	11	3,481	-	850
Miscellaneous	10,197	2,326	-	54	660	-	1,553
Total Expenditures	303,528	68,700	1,057	31,160	21,276	5,286	50,000
Excess Revenues over (under) Expenditures	9,022	-	(1,057)	-	18,353	19,714	-
Beginning Balance	48,970	-	-	881	27,538	9,310	-
Interfund Transfer	-	-	-	-	-	-	-
Transfers Matching	-	-	-	-	(16,881)	(19,714)	-
Transfers Others	-	-	1,057	-	(10,113)	-	-
Ending Balance	57,992	-	-	881	18,897	9,310	-

\* The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION  
Combining Statement of Revenues and Expenditures  
and Changes in Fund Balance - General Fund  
For the Year Ended June 30, 2005

Revenue:	Thomas Fork Idaho 319KW	Thomas Fork Idaho 319KW Match	Bear River Info & Education Match	Bear River Info & Education Match	Pacificorp Weed Control
Services					
Private Grants					1,000
Federal & State	15,841		20,706		
Local Funds					
Interest					
Total Revenues	<u>15,841</u>	<u>-</u>	<u>20,706</u>	<u>-</u>	<u>1,000</u>
Expenditures:					
Overhead	817	19	868	87	59
Salaries	9,605	757	11,858	1,898	(531)
Benefits	3,988	304	4,855	843	607
Supplies	742	-	145	-	880
Travel	689	-	2,508	-	-
Equipment	-	-	-	-	-
Printing	-	-	-	-	-
Sub-Contract	-	-	-	-	-
Miscellaneous	-	-	500	5,081	-
Total Expenditures	<u>15,841</u>	<u>1,080</u>	<u>20,734</u>	<u>7,909</u>	<u>1,015</u>
Excess Revenues over (under) Expenditures	-	(1,080)	(28)	(7,909)	(15)
Beginning Balance	-	-	1,227	10,014	-
Transfers Matching	-	3,589	-	16,310	-
Transfers Others	-	-	-	-	15
Ending Balance	-	<u>2,509</u>	<u>1,199</u>	<u>18,415</u>	<u>-</u>

\* The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION  
Combining Statement of Revenues and Expenditures  
and Changes in Fund Balance - General Fund  
For the Year Ended June 30, 2005

Revenue:	Thomas Fork Idaho 319JC	Thomas Fork Idaho 319JC Match	National Fire Protection Plan	ITD Border/CP	ITD Border/CP Match
Services					
Private Grants					
Federal & State	23,530		11,984	25,000	
Local Funds					
Interest					
Total Revenues	<u>23,530</u>	<u>-</u>	<u>11,984</u>	<u>25,000</u>	<u>-</u>
Expenditures:					
Overhead	1,354	13	327	624	8
Salaries	13,223	504	2,509	8,978	252
Benefits	5,286	202	775	3,739	101
Supplies	2,025	400	7,430	4,828	-
Travel	1,473	-	376	420	-
Equipment	-	-	-	-	-
Printing	-	-	-	-	-
Sub-Contract	8,826	15,572	202	-	-
Miscellaneous	23	-	-	-	-
Total Expenditure	<u>32,210</u>	<u>16,691</u>	<u>11,619</u>	<u>18,589</u>	<u>361</u>
Excess Revenues over (under) Expenditures	(8,680)	(16,691)	365	6,411	(361)
Beginning Balance	-	-	-	-	-
Transfers Matching	-	16,696	-	-	-
Transfers Others	8,680	-	-	-	361
Ending Balance	<u>-</u>	<u>5</u>	<u>365</u>	<u>6,411</u>	<u>-</u>

\* The accompanying notes are an integral part of this statement.



**COMPLIANCE AND INTERNAL CONTROL**

GARY H. TEUSCHER  
Certified Public Accountant  
110 North 8th Street  
Montpelier, Idaho 83254

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PER  
FORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Executive Committee  
Bear Lake Regional Commission  
Fish Haven, Idaho 83261

I have audited the financial statements of the Bear Lake Regional Commission, as of and for the year ended June 30, 2005, and have issued my report thereon dated September 15, 2005. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Bear Lake Regional Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to the Commission in a separate letter dated September 15, 2005.

This report is intended solely for the information and use of the Bear Lake Regional Commission, its management and the Auditors of the States of Utah and Idaho, and is not intended to be and should not be used by anyone other than these specified parties.

*Gary H. Teuscher*

September 15, 2005

GARY H. TEUSCHER  
Certified Public Accountant  
110 North 8th Street  
Montpelier, Idaho 83254

**INDEPENDENT AUDITOR'S REPORT ON  
STATE OF UTAH LEGAL COMPLIANCE**

Executive Committee  
Bear Lake Regional Commission  
Fish Haven, Idaho 83261

I have audited the financial statements of the Bear Lake Regional Commission for the year ended June 30, 2005, and have issued my report thereon dated September 15, 2005. As part of my audit, I have audited the Commission's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The Commission received the following major State assistance programs from the State of Utah:

State of Utah Base Funding (Dept. of Natural Resources)

The Commission did not receive any nonmajor grants during the year ended June 30, 2005. My audit also included testwork in the Commission's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

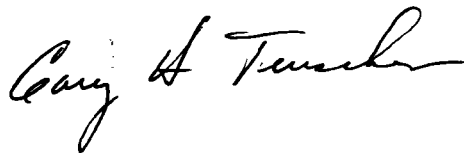
Public Dept.  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Property Tax  
Other Compliance Requirements

The management of the Commission is responsible for the Commission's compliance with all compliance requirements identified above. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed that several line item expenditures were over budget. However, the Commission budgeted a contingency amount which covered the overages and left total expenditures \$21,000.00 under budget.

In my opinion, the Commission complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.



September 15, 2005

GARY H. TEUSCHER  
Certified Public Accountant  
110 North 8th Street  
Montpelier, Idaho 83254

Executive Committee  
Bear Lake Regional Commission  
Fish Haven, ID 83261

In planning and performing my audit of the financial statements of the Bear Lake Regional Commission for the year ended June 30, 2005, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. During the performance of my audit I noted no matters involving the internal control structure and its operation that I considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Bear Lake Regional Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted no reportable conditions that could be believed to be material weaknesses.

I did, however, note certain matters involving the internal control structure and its operation that the Commission should consider.

As in the past, the Commission employs only one executive assistant who has the following duties: 1) open the mail 2) make deposits 3) write out the checks 4) reconcile the bank account 5) posts the checks and payroll reports to the computer along with receipts and 6) all other duties of a clerk performing the accounting and payroll functions. These functions would be separated in a governmental agency that employs more secretaries or which has various departments to complete its accounting and payroll functions.

The Commission has, in response to prior year audit comments, assigned the Deputy Director the following duties:

1. Verifies the bank reconciliation each month
2. Opens the mail on a periodic basis
3. Generates billings for the Commission
4. Tracks expenses monthly and generates a report for management
5. Processes all money transfers between banks

As in past years, the Commission's accounting records are in excellent condition. All entries are fully documented and filed as to be readily available. The staff has been forth coming in any request I have made for information or clarification. It has been a pleasure to work with them this audit year.

It is in the interest of the Management and the Executive Committee to do everything possible to safeguard assets of the Commission. This can be accomplished by continuing efforts by all concerned to segregate duties, combine duties, and assign duties to members of management and or to committee members in such a way that errors and irregularities would be detected, and corrected by employees of the Commission.

This report is intended solely for the information and use of the Executive Committee, Management and the States of Idaho and Utah state and legislative auditors. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, appearing to read "Gary H. Trench". The signature is written in dark ink on a white background.

September 15, 2005